## TRANSCRIPT OF PROCEEDINGS

DEFORE THE FEDERAL COMMUNICATIONS COMMISSION WASHINGTON, D.C. 20554

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In the Matter of:		·
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#### BEFORE THE FEDERAL COMMUNICATIONS COMMISSION WASHINGTON, DC 20554 PRE-HEARING CONFERENCE

In the Matter of:

PENDLETON C. WAUGH, CHARLES M. AUSTIN, AND JAY R. BISHOP

**||EB Docket No.** 07-147

PREFERRED COMMUNICATION | File No. SYSTEMS, INC.

EB-060IH-2112 NAL/Acct No. 200732080025

Licensee of Various Site-by-Site Licenses in the Specialized Mobile Radio Service

FRN No. 0003769049

PREFERRED ACQUISITIONS, FRN No. 0003786183 INC.

Licensee of Various Economic Area Licenses in the 800 MHz Specialized Mobile Radio Service

Wednesday, September 12, 2007

The pre-hearing conference came to order at 9:30 a.m. in room TWA-363 of the Federal Communications Commission, 445 12th Street, SW., Washington, D.C.

BEFORE

The Honorable Arthur I. Steinberg, Administrative Judge

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#### APPEARANCES:

On Behalf of Pendleton C. Waugh:

WILLIAM D. SILVA, ESQ. GERALD ZUCKERMAN, ESQ. 5335 Wisconsin Avenue, NW Suite 400 Washington, DC 20015-2003 (202) 362-1711

On Behalf of Charles M. Austin, Preferred Communication Systems, Inc., and Preferred Acquisitions, Inc.:

ROBERT J. KELLER, ESQ PO Box 33428 Farragut Station Washington, DC 20033-0428 (202) 223-2100

DAVID J. KAUFMAN, ESQ. 1301 Connecticut Avenue, NW Suite 450 Washington, DC 20036 (202) 887-0600

On Behalf of the Enforcement Bureau:

GARY OSHINSKY, ESQ.
ANJALI K. SINGH, ESQ.
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#### P-R-O-C-E-E-D-I-N-G-S

9:33 a.m.

ADMIN. JUDGE STEINBERG: Let's go on the record please. We're on the record now. This is a pre-hearing conference in EB Docket No. 07-147 which was designated for hearing by Order to Show Cause and Notice of Opportunity for Hearing FCC 07-125 released July 20th, 2007.

Nine separate issues were specified for hearing. Without going into any details, the issues delve into questions relating to undisclosed real parting interest, unauthorized transfer of control, misrepresentation, lack of candor, the effect of felony convictions upon basic qualifications, Section 1.6 violations, failure to respond fully and completely to official requests for information and whether the operation of certain facilities was discontinued for more than one year.

Ultimately, it must be determined

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1.	whether the individuals and entitles in
2	question are qualified to be and remain
3	Commission licensees and whether certain
4	authorization should be revoked.
5	In addition, the Order to Show
6	Cause authorized the imposition of
7	forfeitures to the alleged violation of a
8	number of Commission rules and provisions of
9	the Communications Act.
10	By Order FCC 07M-26 released July
11	26th, 2007, this case was assigned to me and
12	the initial pre-hearing conference was
13	scheduled for this morning.
14	Let me first state the
15	appearances for the parties.
1.6	For Pendleton C. Waugh, if I'm
17	pronouncing that correctly?
18	MR. SILVA: I believe you are.
19	William Silva and I'll be assisted by Gerald
20	Zuckerman.
21	ADMIN. JUDGE STEINBERG: Thank
22	you. For Charles M. Austin?
. !	Į.

1	MR. KELLER: Yes, Robert J.
2	Keller and with David Kaufman to my right
3	and we're also representing the two
4	Preferred companies.
5	ADMIN. JUDGE STEINBERG: Okay.
6	So, Preferred Communication Systems, Inc.
7	and Preferred Acquisitions, Inc.
8	MR. KELLER: And Charles Austin.
9	Yes.
10	ADMIN. JUDGE STEINBERG: And
11	Charles Austin. Okay.
1.2	For J. R. Bishop, let the record
13	reflect no response and he did file a Notice
14	of Appearance on August 21st and as I stated
15	before we got on the record that I received
16	an e-mail from him late last night. It's
17	enclosed is a statement for the
18	record/declaration in which he says he can't
19	attend the conference today and he can't
20	hire an attorney.
21	hire an attorney.  He says "I do not currently, nor

1	Communications Systems, Inc. I have not
2	worked as a consultant for the company for
3	nearly 6½ years."
4	And he agrees to adopt the
5	procedural schedule that we agree on today
6	and he gives his mailing address, home and
7	fax phone numbers and e-mail address and I
8	will check to see whether the counsel for
9	the parties have been cc'd on this e-mail
10	and if they haven't, I will forward the e-
11	mail to them. There's certificate of
12	service attached to it. It's just a two-
13	page document.
14	Okay. Now, for the Chief of the
15	Enforcement Bureau?
16	MR. OSHINSKY: Your Honor,
17	Gary
18	ADMIN. JUDGE STEINBERG: Please
19	stand.
20	MR. OSHINSKY: Gary Oshinsky and
21	Anjali Singh representing the Enforcement
22	Bureau.
i	

ADMIN. JUDGE STEINBERG: Okay.

Thank you. Let me first review what I have pending in front of me. See if we're all on the same page.

First, I've got the Enforcement
Bureau's Motion for Adopting of Model
Protective Order which was filed on August
22nd.

What I -- I'm not going to do anything on that, but what I suggest you do is now that everybody's represented, that you get together with other counsel and see if you can all agree on something and rather than having any comments or anything on the Motion for the Model Protective Order, see if you can work something out and if you can't, then we can file comments on the model and then I can decide. I think it's better if you all agree to something.

MR. OSHINSKY: Your Honor, I would just note for the record that the motion's been pending for some time and no objection

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1	has been filed.
2	ADMIN. JUDGE STEINBERG: Well,
3	counsel just filed Notices of Appearance a
4	couple of days ago and I don't think that
5	this is something that Mr. Waugh and Mr.
6	Bishop and Mr. Austin would pay much
7	attention to, I don't think.
8	MR. OSHINSKY: Okay.
9	ADMIN. JUDGE STEINBERG: Even
10	MR. KELLER: I also Your
11	Honor, I also think by my calculation
12	technically an opposition wouldn't be due
13	until tomorrow
14	ADMIN. JUDGE STEINBERG: Okay.
15	MR. KELLER: if you count by
16	the normal rules.
17	ADMIN. JUDGE STEINBERG: Well,
18	it's four plus three.
19	MR. KELLER: Ten plus three I
20	believe. It's an opposition to a motion.
21	So.
22	ADMIN. JUDGE STEINBERG: No. No,
	$\Pi$

1	we will go by 1.294. Four point. Sorry.
2	Four plus three. It's an interlocutory
3	request. We don't go by the
4	MR. KELLER: Okay. Okay. Got
5	you.
6	ADMIN. JUDGE STEINBERG: No, not
7	by 1.45.
8	MS. SINGH: Yes, Your Honor,
9	actually, according to Bureau counsel's
10	calculation, the response to the motion
11	would have been due Tuesday using the ten
12	plus three not counting
13	ADMIN. JUDGE STEINBERG: Yes, but
14	I think it's better if you can work
15	something out and given that the notices of
16	I mean I would prefer that you deal with
17	counsel rather than their clients and I
18	think it's if you can work something out,
19	that's great. If you can't, then I'll allow
20	them leave to file comments if they want to.
21	MS. SINGH: Thank you, Your
22	Honor.

1	ADMIN. JUDGE STEINBERG: Second
2	thing I have is a petition to intervene
3	which was filed by somebody named Charles D.
4	Guskey G-U-S-K-E-Y on August 31st. He shows
5	service only to the Bureau. Do you Mr.
6	Keller or Mr. Silva, do you know about that?
7	MR. KELLER: We're familiar with
8	it. Yes, we know. We know the pleading.
9	ADMIN. JUDGE STEINBERG: Okay.
10	MR. KELLER: It's available on
11	the on-line system and I don't know whether
12	you'd like me to serve
13	ADMIN. JUDGE STEINBERG: Mr.
14	Silva?
15	MR. SILVA: I'm not, Your Honor,
16	but we'll try to get up to speed as fast as
17	possible.
18	ADMIN. JUDGE STEINBERG: Okay.
19	This is I think this was yes, this is
20	in the ECFS system and responses will be due
21	today.
22	The Bureau already responded.

1 They opposed the motion in a filing filed 2 yesterday. 3 MR. KELLER: We do not intend to 4 file anything one way or the other on that, 5 Your Honor. 6 ADMIN. JUDGE STEINBERG: Okay. 7 And, Mr. Silva, if you decide what you're 8 going to do with this, could you just give 9 me a phone call or an e-mail and let me know 10 please. 11 MR. SILVA: Yes. 12 ADMIN. JUDGE STEINBERG: And then 13 if there's nothing further filed, then I'll 14 rule and if there is something further 15 filed, then I'll look at that and rule. 16 Then there's a Motion to Defer 17 Deadline for Requests for Admission filed by 18 Mr. Austin and Preferred Communications and 19 Preferred Acquisition and basically which 20 was filed on -- it's the 10th of September 21 and what they're basically saying is what we

should do is roll in a date for responses to

1 Requests for Admissions and the procedural 2 schedule. 3 And did you see that one? 4 MR. OSHINSKY: We did see it. 5 MS. SINGH: Yes, we did. 6 ADMIN. JUDGE STEINBERG: 7 Well, we can talk about that one later. 8 you have an objection then, we can deal with 9 it. 10 Now, before we go to the dates, I 11 have a -- it may be a stupid idea. It may 12 be a brilliant idea. Given my track record, 13 it's probably a stupid idea. 14 In the hearing designation order, 15 actually, I expected you to fully disagree 16 with that. In the hearing designation order 17 in paragraph 50, they're talking about the 18 lack of operation of the PCSI licenses. 19 It's on page 18 and it says that, towards 20 the bottom of the page, as to this matter 21 the only issue for the presiding judge to

determine is whether the licensee continued

the operation of its licenses for more than one year.

Then you go to the top of the page -- the top of paragraph 50, it says by operation of law, a wireless licensee's license is canceled for discontinuation if the licensee has failed to operate its licenses for over one year and not obtained permission from the Commission to discontinue such operations.

It occurred to me that why don't we just try that issue and forget about all the rest and if it's determined that there was a discontinuation, then the licenses automatically cancel. If it's determined that it wasn't a discontinuation, then we can try all the other issues and save ourselves a lot of time and effort and money.

Anybody want to talk about that or you want to think about that?

MR. KELLER: Your Honor, the

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1 primary reason why that might not work is 2 I'm not sure that this -- in fact, I'm fairly sure this is not the universe of 3 licenses at issue in this hearing. 4 5 MR. OSHINSKY: That's right. 6 MR. KELLER: So, even if you were 7 to rule adversely to us on that, there would still be other licenses that are not 8 9 affected by this issue. 10 ADMIN. JUDGE STEINBERG: Okay. 11 MR. OSHINSKY: I can explain very 12 briefly. This -- the OSE concerns two sets 13 of licenses. One set is certainly governed 14 by the paragraph 50 that you just read and 15 that's part of our allegations, our charges. 16 The other set is subject to a waiver which 17 is --18 ADMIN. JUDGE STEINBERG: Okay. MR. OSHINSKY: -- currently 19 20 before the Wireless Telecommunication 21 Bureau. It has not bee rules on. In fact, 22 there's not in a posture to be ruled on and

1	we're asking you to make certain findings of
2	fact in regard to that, but not the ultimate
3	decision.
4	MR. KAUFMAN: Can you speak up?
5	MR. OSHINSKY: I'm sorry.
6	MR. KAUFMAN: Can't hear you.
7	MR. OSHINSKY: I'm saying simply
8	that the OSE refers to two different sets of
9	licenses. One are site-by-site licenses
10	which are governed by paragraph 50 which
11	would be affected by paragraph 50, and the
12	other set are a set of auctioned licenses
13	which are currently subject to a waiver
14	request which is pending before the Wireless
15	Telecommunications Bureau.
16	MR. KAUFMAN: And that you're not
17	governed by 90.157.
18	MR. OSHINSKY: Right. Would not
19	be governed.
20	ADMIN. JUDGE STEINBERG: Okay.
21	MR. OSHINSKY: Because there's no
22	allegation that they were ever operated and

1	the only question involved surrounds the
2	proffer and the waiver for the request
3	for a waiver.
4	ADMIN. JUDGE STEINBERG: Okay.
5	Yes. Yes, and I'm my the hearing in
6	that issue on the waiver is limited to just
7	whether the acts alleged in the waiver.
8	requests are truthful basically.
9	MS. SINGH: Yes.
10	MR. OSHINSKY: That's right.
11	ADMIN. JUDGE STEINBERG: And then
12	okay. That I picked up.
13	Okay. So, my brilliant idea for
14	shortening the hearing proved to be less
15	than brilliant.
16	Okay. What type of discovery is
17	being contemplated? Now, you've already
18	filed requests for admission of facts and
19	genuineness of documents and then is anybody
20	planning interrogatories?
21	MR. OSHINSKY: Yes, Your Honor,
22	we are.
1	

ADMIN. JUDGE STEINBERG: Okay. I have trouble with interrogatories in that usually they're not answered by the people that really have the knowledge, but they're answered by the lawyers and they're answered in such a way that you really don't get answers.

limit interrogatories. Use to only -- for the only purpose of identifying individuals with personal knowledge of the facts. Then when you figure out who's got personal knowledge of the facts, go out and depose the people because then you get the answers from them and then there are the objections to the interrogatories and the Motions to Compel and the oppositions to the Motion to Compel. It's very inefficient.

MR. OSHINSKY: Your Honor, I would -- I'd say that -- on behalf of the Bureau that the questions here are very, very fact based and the more that we can

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1.	flesh out those facts ahead of time even
2.	before depositions, will limit the amount of
3	limit the length of the depositions and
4	will also very probably limit the length of
5	the hearing. So, I understand your thinking
6	because it is true that a lot of times all
7	you get is a legalistic formation rather
8	than an actual answer, but here we have so
9	many documents that are pending. So many
10	documents that may require identification at
11	deposition and so many documents that may be
12	entered in at hearing. I would ask that we
13	be allowed to expand our interrogatories
14	beyond what Your Honor suggests.
15	ADMIN. JUDGE STEINBERG: Any
16	comments?
17	MR. KELLER: No objection one way
18	or the other on that, Your Honor.
19	ADMIN. JUDGE STEINBERG: Mr.
20	Silva?
21	MR. SILVA: We do not object
22	either, Your Honor.

1	ADMIN. JUDGE STEINBERG: Okay.
2	Then we'll do it the regular way. Gosh, I'm
3	going dry. This happened the last time I
4	was here, too.
5	Anybody plan requests for
6	document production?
7	MR. OSHINSKY: Yes, we do, Your
8	Honor.
9	MR. KELLER: We would certainly
10	plan that as well, Your Honor.
11	ADMIN. JUDGE STEINBERG: Okay.
12	You know that the document production you
13	really can't file against the Bureau.
14	MR. KELLER: Well, we it
15	depends on the I think we can ask for
16	production of documents. Whether it's going
17	to be formally a request for production or
18	whether we have to go through FOIA is a
19	different story, but in particular, we would
20	be looking for any documents provided by
21	outside sources not by but, I understand
22	it would be subject to the normal privileges

1	and objections and we would go through the
2	proper procedures. If it needs to be by
3	FOIA, we would go by FOIA.
4	ADMIN. JUDGE STEINBERG: I think
5	it has to be by FOIA if I remember.
6	MR. KELLER: But, we do I mean
7	obviously, the Bureau has the burden of
8	proceeding and the burden of proof here.
9	So, we suspect there's going to be more
10	discovery on their end, but assume we're
11	going to set dates here and we may
12	participate in one or more of these very
13	responsive discovery areas. So, we will
14	abide by the
15	ADMIN. JUDGE STEINBERG: Okay.
16	MR. KELLER: schedules we all
17	agree to here.
18	ADMIN. JUDGE STEINBERG: Do you
19	know, Mr. Silva, what you're planning
20	MR. SILVA: Oh, we have no
21	present intention to seeks documents, but
22	since we're so new to the case, Your Honor,

we reserve the right to change our mind on į 2 that. 3 ADMIN. JUDGE STEINBERG: Sure. 4 Okay. Just a general statement with respect 5 to discovery. I'd appreciate it if you'd all make a good faith attempt to work out 6 7 your differences among yourselves. 8 Serious and genuine effort should 9 be made to reach a compromise with each 10 other if there's a dispute. I don't want anybody coming to me 11 12 for a ruling on a discovery matter without 13 first attempting to reach an agreement. Come to me only for ruling only if there's 14 been a complete inability to reach an 15 accommodation. 16 In this connection, any request 17 18 for a ruling on a discovery matter has to 19 include a certification that counsel for the 20 parties involved made a good faith attempt to resolve the dispute but could not do so. 21

I think that's -- I've stolen that I think

1	from the fair rules and I think it's a good
2	idea.
3	Just don't get so mad at each
4	other that you don't talk anymore.
5	Any other matters that we have to
6	talk about before we go off the record to
7	talk about dates?
8	MR. KELLER: While we're on that
9	last point, Your Honor, what is your
10	preference on related to that?
11	Situations where counsel for the various
12	sides agree on extensions of time and that
13	sort of thing. Can we just let you know or
14	do we have to file a motion?
15	ADMIN. JUDGE STEINBERG: I love
16	it. I love it.
17	MR. KELLER: And if we agree to
18	an extension, can we just
19	ADMIN. JUDGE STEINBERG: If you
20	can agree to do it informally
21	MR. KELLER: And then we don't
22	need to ask you for a specific ruling.

1 Okay. 2 ADMIN. JUDGE STEINBERG: No, just 3 let me know or file a statement for the record. 4 5 MR. KELLER: All right. 6 ADMIN. JUDGE STEINBERG: Or just 7 something --8 MR. KELLER: Got you. 9 ADMIN. JUDGE STEINBERG: -- that 10 lets everybody know. The more you can agree 11 the happier I am and I can stay in my 12 office. 13 In terms of pleadings, I don't 14 get stuff the way we used to get stuff and 15 there's a lot of stuff that comes in I don't see or I wouldn't see. So, if you could 16 17 provide me with courtesy copies of all pleadings filed in the case. 18 The Bureau usually has a stamped 19 20 copy hand carried to me on the day of 21 filing, but if the other parties could just 22 fax me courtesy copies showing the

1	secretary's stamps and then I know it's
2	filed.
3	Mr. Keller, you filed something
4	electronically.
5	MR. KELLER: Yes, but you should
6	have found on the back of it a
7	certification.
8	ADMIN. JUDGE STEINBERG: Yes, I
9	did. That's the first one of those I've
LO	seen.
L1	MR. KELLER: Yes.
L2	ADMIN. JUDGE STEINBERG: You know
L3	if just some proof that it's been filed.
L4	Because they sometimes don't wind up in the
L5	ECFS for weeks and then I won't and I
L6	don't know if it's actually filed or not and
.7	I don't care if you you don't have to get
-8	it to me on the day of, but if you get it to
.9	me within a day or two, just so I know
20	something exists.
21	MR. KAUFMAN: Can I ask a
22	question? Is that faxed copy is that in